

**§705. Definitions**

**Annual Statement** The annual financial statement required to be filed by insurers with the commissioner.

**Insurer** Can insurer authorized to write property and/or casualty insurance under the laws of any state and includes, but is not limited to, fire and marine companies, general casualty companies, local mutual aid societies, statewide mutual assessment companies, mutual insurance companies other than life, farm mutual insurance companies, county mutual insurance companies, Lloyd's plans, reciprocal and interinsurance exchanges, captive insurance companies, risk retention groups, stipulated premium insurance companies, and non-profit legal service corporations.

**Qualified Actuary** A person who is either:

1. a member in good standing of the Casualty Actuarial Society; or

2. a member in good standing of the American Academy of Actuaries who has been approved as qualified for signing casualty loss reserve opinion by the Casualty Practice Council of the American Academy of Actuaries; or

3. a person who otherwise has competency in loss reserve evaluation as demonstrated to the satisfaction of the insurance regulatory official of domiciliary state. In such case, at least 90 days prior to the filing of its annual statement, the insurer must make a request to the commissioner that the person be deemed qualified. That request must be approved or denied by the commissioner or his designee. The request must include NAIC Biographical form and a list of all loss reserve opinions and/or certifications issued in the last three years by this person.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:904.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:619 (June 1992).

**§707. Content**

A. The "Statement of Actuarial Opinion" shall be in the format of and contain the information required by §12 of the Annual Statement Instructions: Property and Casualty.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:904.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:619 (June 1992).

**§709. Exemptions**

A. Companies subject to this regulation may apply for an exemption. If an exemption is granted, a certified copy of the approved exemption must be filed with the annual statement in all jurisdictions in which the company is authorized to do business. An exemption may be applied for solely on the following grounds.

1. Automatic Exemption

a. An insurer, otherwise subject to this regulation, that has less than \$1,000,000 total direct plus assumed written premiums during a calendar year or that has less than a total of 1,000 policyholders and certificate holders at the

end of a calendar year, in lieu of the certification required for the calendar year, may submit an affidavit, under oath of an officer of the insurer, that specifies that amount of direct, plus assumed, premiums written and the total number of policyholders and certificate holders.

b. An insurer who intends to file for an exemption under §709 must submit a letter of intent to its domiciliary commissioner no later than December 1 of the calendar year for which the exemption is to be claimed. The commissioner may deny the exemption prior to December 31 of the same year if he deems the exemption inappropriate. If an insurer intends to file for an exemption for calendar year 1991, it must do so no later than January 31, 1992.

2. Exemption for Insurers under Supervision or Conservatorship

a. Unless ordered by the domiciliary commissioner, an insurer that is under supervision or conservatorship pursuant to statutory provision is exempt from the filing requirement contained herein.

3. Exemption for Nature of Business

a. An insurer otherwise subject to this regulation and not eligible for an exemption as enumerated above may apply to its domiciliary commissioner for an exemption based on the nature of the business written. This exemption is available to those companies writing property lines only.

4. Financial Hardship Exemption

a. An insurer otherwise subject to this regulation and not eligible for any of the exemptions enumerated above may apply to the commissioner for a financial hardship exemption.

b. Financial hardship is presumed to exist if the projected reasonable cost of the certification would exceed the lesser of:

i. 1 percent of the insurer's capital and surplus reflected in the insurer's annual statement filed with the department for the calendar year for which the exemption is sought; or

ii. 3 percent of the insurer's net direct plus assumed premiums written during the calendar year for which the exemption is sought as reflected in the insurer's annual statement filed with its domiciliary commissioner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:904.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:619 (June 1992).

## **Chapter 9. Regulation 40C Summary Document and Disclaimer and Notice of Noncoverage**

**§901. Purpose**

A. The purpose of this regulation is to implement Act 998 of the 1991 Regular Legislative Session, entitled Louisiana Life and Health Insurance Guaranty Association

(LLHIGA) as set forth in R.S. 22:1395.1, et seq., which is designed to protect covered persons against the risk of insurer insolvencies under certain life and health insurance policies.

B. The purpose of the documents is to give notice to the insurance-buying consumer that the LLHIGA Act includes restrictions as to coverage, and in some instances excludes coverage for certain types of policies or contracts, and includes substantial limitations as to the amounts which may be reimbursed in the event of the insolvency of the insurer.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1395.18(B)(C)(D) and 22:3.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:620 (June 1992), amended LR 18:1401 (December 1992).

### **§903. Applicability and Scope**

A. This regulation applies to the Louisiana Life and Health Insurance Guaranty Association (LLHIGA) and its member insurers as defined by R.S.22:1395.3.

B. Exhibit A, which follows hereto and is made a part hereof, sets forth the form and content of the Summary Document, as approved by the Commissioner of Insurance on August 10, 1992, summarizes the coverage provided by the Act, and includes a Disclaimer statement which is to be conspicuously placed on the front of the Summary Document. Pursuant to R.S. 22:1395.18(B) the Summary Document with the Disclaimer is to be delivered with each life or health insurance policy, as described in R.S. 1395.3(B)(1), issued or delivered in Louisiana.

C. Exhibit B, which follows hereto and is made a part hereof, sets forth the Notice of Noncoverage required by R.S. 22:1395.18(D). It is required to be delivered with each policy or contract referred to in R.S. 22:1395.3(B)(1) and excluded from coverage under R.S. 22:1395.3(B)(2)(a).

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1395.18(B)(C)(D) and 22:3.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:620 (June 1992), amended LR 18:1401 (December 1992).

### **§905. Form and Content**

A. The Summary Document and Disclaimer shall be in a form which complies with §907, Exhibit A, which follows hereto and forming a part of this regulation.

B. The Notice of Noncoverage shall be in a form which complies with §909, Exhibit B, which follows hereto and forming a part of this regulation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1395.18(B)(C)(D) and 22:3.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:620 (June 1992), amended LR 18:1401 (December 1992).

### **§907. Exhibit A Summary of the Louisiana Life and Health Insurance Guaranty Association Act and Notice Concerning Coverage Limitations and Exclusions**

A. Residents of Louisiana who purchase life insurance, annuities, or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Louisiana Life and Health Insurance Guaranty Association. The purpose of this association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state, and in some cases, to keep coverage in force. However, the valuable extra protection provided by these insurers through the Guaranty Association is limited. As noted in the disclaimer below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

#### **Disclaimer**

The Louisiana Life and Health Insurance Guaranty Association provides coverage of claims under some types of policies if the insurer becomes impaired or insolvent. COVERAGE MAY NOT BE AVAILABLE FOR YOUR POLICY. Even if coverage is provided, there are significant limits and exclusions. Coverage is always conditioned upon residence in this state. Other conditions may also preclude coverage.

Insurance companies and insurance agents are prohibited by law from using the existence of the association or its coverage to sell you an insurance policy.

You should not rely on the availability of coverage under the Louisiana Life and Health Insurance Guaranty Association when selecting an insurer.

The Louisiana Life and Health Insurance Guaranty Association or the Department of Insurance will respond to any questions you may have which are not answered by this document.

LLHIGA	Department of Insurance
P.O. Drawer 44126	P. O. Box 94212
Baton Rouge, LA 70804	Baton Rouge, LA 70804-9214

B. The state law that provides for this safety-net coverage is called the Louisiana Life and Health Insurance Guaranty Association Act. The following is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change any person's rights or obligations under the Act or the rights or obligations of the Guaranty Association.

C. Coverage. Generally, individuals will be protected by the Life and Health Insurance Guaranty Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by an insurer authorized to conduct business in Louisiana. The beneficiaries, payees or assignees of insured persons are protected as well even if they live in another state.

#### D. Exclusions from Coverage

1. However, persons holding such policies are not protected by this association if:

a. they are eligible for protection under the laws of another state (This may occur when the insolvent insurer was incorporated in another state whose Guaranty Association protects insureds who live outside that state.);

b. the insurer was not authorized to do business in this state;

c. their policy was issued by a nonprofit hospital or medical service organization (the "Blues"), an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange.

2. The association also does not provide coverage for:

a. any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;

b. any policy of reinsurance (unless an assumption certificate was issued);

c. interest rate yields that exceed an average rate;

d. dividends;

e. credits given in connection with the administration of a policy by a group contract holder;

f. employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);

g. unallocated annuity contracts (which give rights to group contract holders, not individuals), unless qualified under §403(b) of the Internal Revenue Code, except that, even if qualified under §403(b), unallocated annuities issued to employee benefit plans protected by the Federal Pension Benefit Guaranty Corporation are not covered.

#### E. Limits on Amounts of Coverage

1. The act also limits the amount the association is obligated to pay out. The association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the association will pay a maximum of \$300,000, no matter how many policies and contracts there were with the same company, even if they provided different types of coverage. Within this overall \$300,000 limit, the association will not pay more than \$100,000 in cash surrender values, \$100,000 in health insurance benefits, \$100,000 in present value of annuities, or \$300,000 in life insurance death benefits. Again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1395.18(B)(C)(D) and 22:3.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:620 (June 1992), amended LR 18:1401 (December 1992).

#### §909. Exhibit B Notice of Noncoverage

A. The Louisiana Life and Health Insurance Guaranty Association (LLHIGA) provides coverage of claims under some types of policies if the insurer becomes impaired or insolvent.

THE POLICY OR CONTRACT YOU ARE  
PURCHASING IS NOT COVERED BY THE  
LOUISIANA LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION.

Coverage is specifically excluded by law for the type of policy or contract you are purchasing.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:1395.18(B)(C)(D) and 22:3.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:620 (June 1992), amended LR 18:1401 (December 1992).

## Chapter 11. Regulation 42 Group Self-Insurance Funds

### §1101. Definitions

A. When used in this regulation, the following words or terms shall have the meaning as described in §1101.

**Administrator** Can an individual, partnership, or corporation engaged by a group self-insurance fund to carry out the policies of the trustees of the fund and to provide day-to-day management of the fund.

**Aggregate Losses** The amount of all claims, including reserves for loss development and losses incurred but not reported, which exceeds the loss fund.

**Contingent Liability** The amount that a self-insurance fund may be obligated to pay in excess of a given fund year's normal premium collected or on hand.

**Fiscal Agent** Can an individual, partnership, or corporation engaged by a self-insurance fund to carry out the fiscal policies of the fund, invest and disburse assets, and oversee the financial matters of the fund. An administrator may be a fiscal agent.

**Gross Premium** Premium determined by multiplying the payroll (segregated into the proper workers' compensation job classifications) times the manual premium rates approved by the commissioner.

**Group Self-Insurance Fund or Fund** Employers who enter into agreements to pool their workers compensation liabilities in accordance with Louisiana Revised Statutes 23:1191-1193.

**Incurred but not Reported Reserves** A reserve established which estimates the incurred loss of claims whose existence is unknown by the fund or claims which have been reported but not recorded on the books of the fund.